

**PLYMOUTH COUNTY AREA
SOLID WASTE AGENCY**

Independent Auditors' Report

June 30, 2016 and 2015

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY

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PLYMOUTH COUNTY AREA SOLID WASTE AGENCY

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Mark Loutsch	Board Member and Executive Board	Plymouth County
Rick Bohle	Board Member and Executive Board	City of Kingsley
Dennis Slota	Board Member and Executive Board	City of Remsen
Dick Kirchoff	Board Member and Executive Board	City of Le Mars
Mike Koopmans	Board Member	City of Hinton
Ken Kreinert	Board Member	City of Brunsville
Barry Cornish	Board Member	City of Craig
Donna Poulsen	Board Member	City of Oyens
Bruce Norgaard	Board Member	City of Merrill
Joe Vollmecke	Board Member	City of Struble
Don Dion	Board Member	City of Westfield



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Plymouth County Area Solid Waste Agency

Report on Financial Statements

We have audited the accompanying financial statements of the Plymouth County Area Solid Waste Agency (the Agency), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the comptroller general of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of June 30, 2016 and 2015, and the respective changes in financial position and cash flows, thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 and the Agency's proportionate share of the net pension liability, schedule of agency contributions, and notes to required supplemental information on pages 21 through 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2016 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plymouth County Area Solid Waste Agency's internal control over financial reporting and compliance.


Certified Public Accountants

Le Mars, Iowa
November 7, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Plymouth County Area Solid Waste Agency provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal years ended June 30, 2016 and 2015. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The Agency's operating revenues increased 24%, or \$174,103 from fiscal year 2015 to fiscal year 2016.
- The Agency's operating expenses increased 13.5%, or \$113,590 from fiscal year 2015 to fiscal year 2016.
- The Agency's net position decreased 2.6%, or \$40,215 from June 30, 2015 to June 30, 2016.

USING THIS ANNUAL REPORT

The Plymouth County Area Solid Waste Agency is a special purpose government reported as a single business type activity and presents its financial statements using the economic resource measurement focus and accrual basis of accounting which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis is intended to serve as an introduction to Plymouth County Area Solid Waste Agency's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Agency's financial activities.

The Statement of Net Position presents information on the Agency's assets, liabilities and deferred inflows and outflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position is the basic statement of activities for proprietary funds. This statement presents information on the Agency's operating revenues and expenses, non-operating revenues and expenses and whether the Agency's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Agency's cash and cash equivalents during the year. This information can assist the user of the report in determining how the Agency financed its activities and how it met its cash requirements.

The Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

FINANCIAL ANALYSIS OF THE AGENCY

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the Agency's financial position. The Agency's net position for fiscal year 2016 totaled \$1,459,671. This compares to \$1,499,886 for fiscal year 2015. A summary of the Agency's net position is presented below.

Net Position		
	Year Ended June 30,	
	2016	2015
Current assets	\$ 290,965	\$ 263,491
Restricted investments	835,456	819,058
Other long term assets	29,124	38,293
Capital assets at cost, less accumulated depreciation	1,405,460	1,496,888
Total assets	2,561,005	2,617,730
Deferred outflows of resources	69,712	36,103
Current liabilities	137,083	117,210
Long-term liabilities	1,000,390	996,297
Total liabilities	1,137,473	1,113,507
Deferred inflows of resources	33,573	40,440
Net position:		
Net Investment in capital assets	1,289,409	1,344,612
Restricted for Closure/Post Closure Costs	835,456	819,058
Unrestricted	(665,194)	(663,784)
Total net position	\$ 1,459,671	\$ 1,499,886

57% of the Agency's net asset position is restricted for closure and post closure care. State and federal laws and regulations require the Agency to place a final cover on the landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure. The invested in capital assets (88%, e.g., land, buildings and equipment), portion of net position are resources allocated to capital assets.

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues are received for hauling charges from accepting solid waste and assessments from the residents of the County. Operating expenses are expenses paid to operate the landfill. Non-operating revenues consist of interest income. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues and expenses for the years ended June 30, 2016 and June 30, 2015 is presented on the next page:

Changes in Net Position

	Year Ended June 30,	
	2016	2015
Operating Revenues		
Assessments	\$ 235,000	\$ 189,175
#1 Materials (Transfer Station)	406,990	372,505
Construction & Demolition Materials	125,552	113,617
Steel Sales	42,046	17,933
Other Operating Revenues	90,738	32,993
Total Operating Revenues	900,326	726,223
Operating Expenses		
Trucking Expense	15,299	7,928
Recycling Costs	285,204	258,362
Salaries and Wages	264,313	237,939
Utilities	8,832	15,161
Insurance	105,135	118,404
Board Expense	3,469	2,624
Office Expense	2,980	8,035
Professional Fees	20,734	11,100
Custom Work	19,937	-
Repairs and Maintenance	36,616	30,513
Fuel and Oil	24,248	34,908
Closure/Post Closure	7,783	-
Other Operating Expenses	44,496	5,324
Depreciation	115,392	110,550
Total Operating Expenses	954,438	840,848
Operating Income (Loss)	(54,112)	(114,625)
Non-Operating Revenues (Expenses)		
Interest on Investments	16,789	18,419
Interest Expense	(2,892)	(2,897)
Total Non-Operating Revenues (Expenses)	12,679	15,522
Change in Net Position	(40,215)	(99,103)
Net Position Beginning of Year	1,499,886	1,716,383
Prior Period Adjustment	-	(117,394)
Net Position Beginning of Year, as restated	1,499,886	1,598,989
Net Position End of Year	\$ 1,459,671	\$ 1,499,886

OPERATING REVENUES

In fiscal year 2016, operating revenues increased by \$174,103 or 24%, operating expenses increased by \$113,590 or 13.5%. The changes in operating revenues and expenses are presented above.

STATEMENT OF CASH FLOWS

The Statement of Cash Flow presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities includes gate fees and assessments reduced by payments to employees and to suppliers. Cash used from capital and related financing activities includes the purchase of capital assets. Cash provided by investing activities includes proceeds from the redemption of certificates of deposit.

CAPITAL ASSETS

At June 30, 2016 the Agency had \$1,405,460 invested in capital assets, net of accumulated depreciation. Depreciation charges totaled \$115,392 for fiscal year 2016. More detailed information about the Agency's capital assets is presented in Note 4 to the financial statements.

LONG-TERM DEBT

During the year ending June 30, 2016, the Agency borrowed no additional debt. In July 2015, the Kingsley State Bank Note was rewritten and termed out over 4 years. In addition, they have a zero-interest note payable for purchasing recycling blue totes. More detailed information about the Agency's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS

Plymouth County Area Solid Waste Agency continued to operate at a deficit. The current condition of the economy in the state continues to be a concern for Agency officials. Some of the realities that may potentially become challenges for the Agency to meet are:

- Facilities at the Agency require constant maintenance and upkeep.
- Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.
- Annual deposits required to be made to closure and post closure accounts are based on constantly changing cost estimates and the number of tons of solid waste received at the facility.
- Increases in tonnage fees have not been adequate to cover the increase in wages and health insurance expenses.

The Agency anticipates the current fiscal year will be improved compared to the last and will maintain a close watch over resources to maintain the Agency's ability to react to unknown issues.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Plymouth County Area Solid Waste Agency, 34898 150th St., Le Mars, Iowa 51031.

FINANCIAL STATEMENTS

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Statements of Net Position
June 30, 2016 and 2015

	2016	2015
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 159,729	\$ 158,082
Investments	19,553	19,686
Receivables:		
Accounts Receivable	1,180	3,554
Accrued Interest	2,453	2,453
Due from Other Governments	88,089	64,218
Prepaid Insurance	19,961	15,498
Total Current Assets	<u>290,965</u>	<u>263,491</u>
Long Term Assets		
Restricted Assets:		
Temporary Cash Investments (Note 3)	835,456	819,058
Due from Other Governments-Recycle Totes	29,124	38,293
Land	30,000	30,000
Infrastructure, Property, and Equipment (Net of Accum. Depreciation) (Note 4)	1,375,460	1,466,888
Total Long Term Assets	<u>2,270,040</u>	<u>2,354,239</u>
Total Assets	<u>2,561,005</u>	<u>2,617,730</u>
Deferred Outflows of Resources		
Pension related deferred outflows	<u>69,712</u>	<u>36,103</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	60,334	35,463
Accrued Wages and Compensated Absences	13,105	10,325
Other Accrued Liabilities	5,265	6,939
Current Portion of Long Term Debt	37,632	36,777
Current Portion of Zero-Interest Loan Repayment	4,760	10,940
Accrued Interest	222	1,001
Unearned Revenue	15,765	15,765
Total Current Liabilities	<u>137,083</u>	<u>117,210</u>
Long Term Liabilities		
Net pension liability	144,188	106,038
Bank Notes Net of Current Portion (Note 7)	78,419	115,499
Zero-Interest Loan Net of Current Portion (Note 7)	-	4,760
Estimated Liability for Landfill Closure and Post closure Care Costs (Note 3)	777,783	770,000
Total Long Term Liabilities	<u>1,000,390</u>	<u>996,297</u>
Total Liabilities	<u>1,137,473</u>	<u>1,113,507</u>
Deferred Inflows of resources		
Pension related deferred inflows	<u>33,573</u>	<u>40,440</u>
NET POSITION		
Net Investment in Capital Assets	1,289,409	1,344,612
Restricted for Closure/Post Closure Costs	835,456	819,058
Unrestricted	(665,194)	(663,784)
Total Net Position	<u>\$ 1,459,671</u>	<u>\$ 1,499,886</u>

See Accompanying Notes to Financial Statements

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Assessments	\$ 235,000	\$ 189,175
#1 Materials (Transfer Station)	406,990	372,505
Construction & Demolition Materials	125,552	113,617
Steel Sales	42,046	17,933
Other Operating Revenues	90,738	32,993
Total Operating Revenues	<u>900,326</u>	<u>726,223</u>
OPERATING EXPENSES		
Trucking Expense	15,299	7,928
Recycling Costs	285,204	258,362
Salaries and Wages	264,313	237,939
Utilities	8,832	15,161
Insurance	105,135	118,404
Board Expense	3,469	2,624
Office Expense	2,980	8,035
Professional Fees	20,734	11,100
Custom Work	19,937	-
Repairs and Maintenance	36,616	30,513
Fuel and Oil	24,248	34,908
Closure/Postclosure Costs	7,783	-
Other Operating Expenses	44,496	5,324
Depreciation	115,392	110,550
Total Operating Expenses	<u>954,438</u>	<u>840,848</u>
Operating Income (Loss)	<u>(54,112)</u>	<u>(114,625)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest on Investments	16,789	18,419
Interest Expense	(2,892)	(2,897)
Total Non-Operating Revenues (Expenses)	<u>13,897</u>	<u>15,522</u>
Change in Net Position	(40,215)	(99,103)
Net Position Beginning of Year	1,499,886	1,716,383
Prior Period Adjustment	-	(117,394)
Net Position Beginning of Year, as restated	<u>1,499,886</u>	<u>1,598,989</u>
Net Position End of Year	<u>\$ 1,459,671</u>	<u>\$ 1,499,886</u>

See Accompanying Notes to Financial Statements

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities:		
Cash Received from Assessments	\$ 235,000	\$ 189,175
Cash Received from Monthly Hauling Charges	394,662	394,421
Cash Received from Construction and Demolition Materials	125,552	115,567
Cash Received from Other Operating Receipts	132,784	50,926
Cash Paid to Suppliers for Goods and Services	(570,506)	(482,768)
Cash Paid to Employees for Services	(265,533)	(247,532)
Net Cash Provided by Operating Activities	<u>51,959</u>	<u>19,789</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from Notes Payable	-	20,650
Principal Payments	(47,165)	(11,640)
Interest Payments	(3,671)	(2,098)
Purchase of Capital Assets	-	(67,580)
Net Cash (Used) by Capital and Related Financing Activities	<u>(50,836)</u>	<u>(60,668)</u>
Cash Flows from Investing Activities:		
Purchase of Investments	(16,265)	(18,330)
Proceeds from the Sale of Investments	-	91,189
Interest Received	16,789	18,726
Net Cash Provided by Investing Activities	<u>524</u>	<u>91,585</u>
Net Increase in Cash and Cash Equivalents	1,647	50,706
Cash and Cash Equivalents Beginning of Year	<u>158,082</u>	<u>107,376</u>
Cash and Cash Equivalents End of Year	<u><u>159,729</u></u>	<u><u>158,082</u></u>
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities:		
Operating (Loss)	(54,112)	(114,625)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	115,392	110,550
Other Non-Cash Expense	7,783	-
(Increase) Decrease in Assets:		
Accounts Receivable	2,374	1,950
Due from Other Governments	(14,702)	21,916
Prepaid Insurance	(4,463)	9,964
Deferred Outflows of Resources	(33,609)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	907	(5,697)
Accrued Wages and Compensated Absences	2,780	(26)
Other Accrued Liabilities	(1,674)	2,776
Net Pension Liability	38,150	(11,356)
Deferred Inflow of Resources	(6,867)	4,337
Total Adjustments	<u>106,071</u>	<u>134,414</u>
Net Cash Provided by Operating Activities	<u><u>\$ 51,959</u></u>	<u><u>\$ 19,789</u></u>

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies

Plymouth County Area Solid Waste Agency was formed in 1973 pursuant to the provisions of Chapter 28F of the Code of Iowa. The purpose of the Plymouth County Area Solid Waste Agency is to operate the sanitary landfill in Plymouth County, Iowa, for use by all the municipalities therein, except Akron.

The Plymouth County Area Solid Waste Agency is composed of one representative of each of the ten member cities and five representatives from Plymouth County. The member cities are: Brunsville, Craig, Hinton, Kingsley, Le Mars, Merrill, Oyens, Remsen, Struble and Westfield.

The Agency's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the Agency has included all funds, organizations, agencies, boards, commissions and authorities. The Agency has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Agency. The Agency has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts for the Agency are organized as a special purpose government reported as a business type activity. Business type activities are used to account for operations (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Agency's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies – (Continued)

D. Assets, Liabilities and Net Investments

The following accounting policies are followed in preparing the Statement of Net Position:

Cash, Investments and Cash Equivalents – The Agency considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have an original maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2016 and 2015 include unrestricted certificates of deposit of \$19,553 and \$19,686, and restricted certificates of deposit of \$835,456 and \$819,058, respectively.

Restricted Investments – Funds set aside for payment of closure and post closure care costs are classified as restricted.

Capital Assets – Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense, while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Reportable capital assets are defined by the Agency as assets with initial, individual costs in excess of \$1,000.

Depreciation is computed using the straight-line method over useful lives ranging from 5 to 40 years.

Compensated Absences – The Agency employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. The Agency's liability for accumulated vacation, including applicable employee benefits, has been computed based on rates of pay in effect at June 30, 2016 and 2015.

Note 2 - Cash and Investments

The Agency's deposits (demand deposits and certificates) at June 30, 2016 and 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against depositories to insure there will be no loss of public funds.

The Agency is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances, certain high rated commercial paper, perfected repurchase agreements, certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Agency's investments consist only of certificates of deposits which are stated at cost.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Agency does not have a formal investment policy that limits investment maturities as a means of managing its exposure. Information about the exposure

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2016 and 2015

Note 2 - Cash and Investments – (Continued)

of the Agency's debt type investments to this risk, using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)	
		Less Than 1 Year	1 – 5 Years
Certificates of Deposits	\$855,009	\$774,381	\$ 80,628

The Agency had no investments meeting disclosure requirements of Governmental Accounting Standards Board Statement No. 72

Note 3 - Closure and Post Closure Care Costs

To comply with federal and state regulations, the Agency is required to complete a monitoring system plan and a closure/post closure plan and to provide funding necessary to effect closure and post closure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year post closure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and post closure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and post closure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in post closure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the post closure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Plymouth County Area Solid Waste Agency have been estimated at \$777,783 and \$770,000 as of June 30, 2016 and 2015, and the entire liability has been recognized. This is based on what it would cost to perform all closure and post closure care during the years ended June 30, 2016 and 2015. Actual costs may be higher due to inflation, changes in technology or changes in regulations. As of June 30, 2016, the estimated remaining life of the landfill is approximately 93 years. The percentage of landfill capacity used at June 30, 2016 was 35%.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and post closure care accounts to accumulate resources for the payment of closure and post closure care costs. The Agency has begun accumulating resources to fund these costs and, at June 30, 2016 and 2015, assets of \$835,456 and \$819,058, respectively, are restricted for these purposes, of which \$168,449 and \$165,177, respectively, is for closure and \$667,007 and \$653,881, respectively, is for post closure care. They are reported as restricted investments and restricted net position on the Statement of Net Position. At June 30, 2016, the Agency has demonstrated financial assurance for closure and post closure care by depositing sufficient amounts in the dedicated fund.

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2016 and 2015

Note 4 - Capital Assets

A summary of capital assets at June 30, 2016 and 2015 as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
	30,000	-	-	30,000
Capital Assets being depreciated:				
Buildings and Improvements	1,346,868	-	-	1,346,868
Equipment and Vehicles	1,282,689	23,964	-	1,306,653
Infrastructure	10,000	-	-	10,000
Total capital assets being depreciated	2,639,557	23,964	-	2,663,521
Less accumulated depreciation for:				
Buildings and Improvements	552,518	38,698	-	591,216
Equipment and Vehicles	615,951	76,594	-	692,545
Infrastructure	4,200	100	-	4,300
Total accumulated depreciation	1,172,669	115,392	-	1,288,061
Total capital assets being depreciated, net	1,466,888	(91,428)	-	1,375,460
Total capital assets, net	\$ 1,496,888	\$ (91,428)	\$ -	\$ 1,405,460
	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets not being depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Construction in Process	279,678	12,556	292,234	-
	309,678	12,556	292,234	30,000
Capital Assets being depreciated:				
Buildings and Improvements	1,054,634	292,234	-	1,346,868
Equipment and Vehicles	1,248,058	104,549	69,918	1,282,689
Infrastructure	10,000	-	-	10,000
Total capital assets being depreciated	2,312,692	396,783	69,918	2,639,577
Less accumulated depreciation for:				
Buildings and Improvements	518,577	33,827	-	552,518
Equipment and Vehicles	559,720	76,622	20,392	615,951
Infrastructure	4,100	100	-	4,200
Total accumulated depreciation	1,082,397	110,549	20,392	1,172,669
Total capital assets being depreciated, net	1,230,295	286,234	49,526	1,466,888
Total capital assets, net	\$ 1,539,973	\$ 298,790	\$ 341,760	\$ 1,496,888

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2016 and 2015

Note 5 - Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 679 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public official's liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Agency's property and casualty contributions to the risk pool are recorded as expenses from its fund at the time of payment to the risk pool. The Agency's contributions to the Pool for the year ended June 30, 2016 was \$15,914 and for the year ended June 30, 2015 was \$11,863.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Agency's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2016, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2016 and 2015

Note 5 - Risk Management (Continued)

The Agency also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$15,000, respectively. The Agency assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 6 - Pension and Retirement Benefits

Plan description – IPERS membership is mandatory for employees of the Agency, except for those covered by another retirement system. Employees of the Agency are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits

A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55.

The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary).

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2016 and 2015

Note 6 - Pension and Retirement Benefits (Continued)

retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions

Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the Agency contributed 8.93 percent for a total rate of 14.88 percent.

The Agency's total contributions to IPERS for the year ended June 30, 2016 and 2015 were \$20,263 and \$17,855, respectively.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016 and 2015, the Agency reported a liability of \$144,188 and \$106,038, respectively for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Agency's proportion of the net pension liability was based on the Agency's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2015 and 2014, the Agency's collective proportion was .002900 and .0026737 percent, respectively, which was an increase of .0002263 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016 and 2015, the Agency recognized pension expense of \$12,160 and \$8,605, respectively. At June 30, 2016 the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,178	\$ -
Changes of assumptions	3,970	-
Net difference between projected and actual earnings on pension plan investments	21,573	33,573
Changes in proportion and differences between Agency contributions and proportionate share of contributions	21,728	-
Agency contributions subsequent to the measurement date	20,263	-
Total	<u>\$ 69,712</u>	<u>\$ 33,573</u>

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2016 and 2015

Note 6 - Pension and Retirement Benefits (Continued)

At June 30, 2015 the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,152	\$ -
Changes of assumptions	4,680	-
Net difference between projected and actual earnings on pension plan investments	-	40,440
Changes in proportion and differences between Agency contributions and proportionate share of contributions	12,416	-
Agency contributions subsequent to the measurement date	17,855	-
Total	\$ 36,103	\$ 40,440

\$20,263 and \$17,855 are reported as deferred outflows of resources related to pensions resulting from the Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016 and 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2017	\$ 1,761
2018	1,761
2019	1,761
2020	9,776
2021	817
	\$ 15,876

There were no non-employer contributing entities at IPERS.

Actuarial assumptions – The total pension liability in the June 30, 2015 and 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum
Rates of Salary Increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term Investment Rate of Return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation

The actuarial assumptions used in the June 30, 2015 and 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2016 and 2015

Note 6 - Pension and Retirement Benefits (Continued)

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	2016		2015	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	2.04%	28%	2.06%
Domestic equity	24	6.29	23	6.31
International equity	16	6.75	15	6.76
Private equity/debt	11	11.32	13	11.34
Real estate	8	3.48	8	3.52
Credit Opportunities	5	3.63	5	3.67
U.S. TIPS	5	1.91	5	1.92
Other Real Assets	2	6.24	2	6.27
Cash	1	(0.71)	1	(0.69)
Total	100%		100%	

Discount rate – The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the Agency will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Agency's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.5 percent) than the current rate.

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
2016 Agency's proportionate share of the net Pension liability	\$ 252,446	\$ 144,188	\$ 52,809
2015 Agency's proportionate share of the net Pension liability	\$ 200,356	\$ 106,038	\$ 26,424

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report which is available on IPERS' website at www.ipers.org.

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2016 and 2015

Note 6 - Pension and Retirement Benefits (Continued)

Payables to the pension plan

At June 30, 2016 and 2015, the Agency reported payables to the defined benefit pension plan of \$1,543 and \$2,688 for legally required employer contributions and \$919 and \$1,622, respectively for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 7 - Changes in Long-Term Liabilities

Bank Notes

During the year ended June 30, 2014, the Agency financed the new RCC building and cell expansion with a note from Kingsley State Bank. The agreement was interest only with draws for 1 year then payments of principal and interest for 4 years at 2%. In July of 2015, the note was rewritten and will make monthly payments of principal and interest for 4 years at 2.3%.

During the year ended June 30, 2013, the Agency received a grant to purchase recycling totes which were distributed to the citizens of Plymouth County. The total grant received was \$63,750 of which \$20,000 was received as a forgivable loan. The remaining \$43,750 is a zero-interest loan to be repaid in quarterly installments of \$2,735 for four years. The balance as of June 30, 2016 is \$4,760.

Year Ending June 30	Principal	Principal
2017	\$ 4,760	\$ 37,632
2018	-	38,508
2019	-	39,911
Total	<u>\$ 4,760</u>	<u>\$ 116,051</u>

Required Supplementary Information

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST FISCAL YEAR*
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

	2016	2015
Agency's proportion of the net pension liability	0.002900%	0.0026737%
Agency's proportionate share of the net pension liability	\$ 144,188	\$ 106,038
Agency's covered-employee payroll	\$ 226,905	\$ 197,240
Agency's proportionate share of the net pension liability as a percentage of its covered employee payroll	63.55%	53.76%
Plan fiduciary net position as a percentage of the total pension liability	85.19%	87.61%

*The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Agency will present information for those years for which information is available.

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF THE AGENCY'S CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN YEARS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

	2016	2015	2014	2013	2012
Statutorily required contribution	\$ 20,263	\$ 17,855	\$ 14,718	\$ 13,585	\$ 11,949
Contributions in relation to the statutorily required contribution	(20,263)	(17,855)	(14,718)	(13,585)	(11,949)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Agency's covered employee payroll	\$ 226,905	\$ 199,984	\$ 176,854	\$ 156,690	\$ 148,067
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.32%	8.67%	8.07%

	2011	2010	2009	2008	2007
Statutorily required contribution	\$ 10,541	\$ 9,733	\$ 9,208	\$ 8,890	\$ 6,132
Contributions in relation to the statutorily required contribution	(10,541)	(9,733)	(9,208)	(8,890)	(6,132)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Agency's covered employee payroll	\$ 151,669	\$ 146,361	\$ 145,008	\$ 146,942	\$ 106,643
Contributions as a percentage of covered-employee payroll	6.95%	6.65%	6.35%	6.05%	5.75%

See accompanying independent auditors' report

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2016**

Changes of Benefit Terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of Assumptions

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Plymouth County Area Solid Waste Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Plymouth County Area Solid Waste Agency (the Agency), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated November 7, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described as items II-A-16 and II-B-16 in the accompanying Schedule of Findings to be material weaknesses.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be material weaknesses.

Compliance and Other Matters

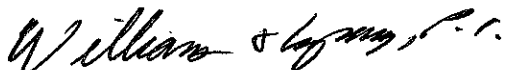
As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Plymouth County Area Solid Waste Agency's Response to Findings

The Agency's response to the findings identified in our audit is described in the accompanying schedule of findings. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Certified Public Accountants

Le Mars, Iowa
November 7, 2016

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Schedule of Findings
For the Year Ended June 30, 2016

Part I: Summary of the Independent Auditor's Results

- (a) An unmodified opinion was issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Finding Related to the Financial Statements:

INSTANCE OF NON-COMPLIANCE:

No matters were noted

MATERIAL WEAKNESSES:

II-A-16 Financial Accounting - Segregation of Duties – An important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One person has control over each of the following areas for the Agency:

- (1) Accounting System – record keeping for revenues and expenses, and
- (2) Receipts – collecting, depositing, journalizing and posting.
- (3) Payroll – changes to master list, preparation and distribution.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the Agency should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – Due to the limited number of office employees, segregation of duties is very difficult. However, we will have the manager review receipts, posting, and payroll on a test basis.

Conclusion - Response accepted.

II-B-16 Financial Reporting - During the audit, we identified material amounts of payables, accruals and capital asset additions not recorded in the Agency's financial statements. Adjustments were subsequently made by the Agency to properly include these amounts in the financial statements.

Recommendation - The Agency should implement procedures to ensure all receivables, payables and capital asset additions are identified and included in the Agency's financial statements.

Response – We will double check these in the future to avoid missing any receivables, payables or capital asset transactions.

Conclusion - Response accepted.

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Schedule of Findings
For the Year Ended June 30, 2016

Part III: Other Findings Related to Statutory Reporting

- III-A-16 Questionable Expenses** – No expenses that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- III-B-16 Travel Expense** – No expenditures of money for travel expenses of spouses of Agency officials or employees were noted.
- III-C-16 Board Minutes** – No transactions were found that we believe should have been approved in the Agency minutes but were not.
- III-D-16 Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Agency's investment policy were noted.
- III-E-16 Financial Assurance** – The Agency has demonstrated financial assurance for closure and postclosure care costs as required by Chapter 567-113.14(6) of the Iowa Administrative Code.
- III-F-16 Solid Waste Tonnage Fees Retained** – No instances of non-compliance with the solid waste fees used or retained in accordance with provisions of Chapter 455B.310 of the Code of Iowa were noted.